**A logo with blue letters and a blue logo

Description automatically generatedKey Internal Financial Controls for New Principals**

**Introduction**

This summary document consists of key financial control areas, which are intended to serve as a guide for new Principals to develop and implement best practice internal financial controls within their schools.

This list is not an exhaustive list but is meant to highlight the key areas that a new Principal needs to be aware of starting in their role.

For further guidance on internal financial controls please see our website [www.fssu.ie](http://www.fssu.ie)

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| Key Internal Financial Control Areas | | |
| Governing Documents | |  |
| - | Governance Manual for Primary School 2019-2023 (due for update end 2023) |  |
| Board of Management | |  |
| - | Board should meet every 5/6 weeks. |  |
| - | The Board may form a Finance Sub-Committee to review and present school accounts |  |
| - | Finance must always be on the board agenda |  |
| - | All board members should be given a copy of the financial reports at the main board meeting.  It is not envisaged that the financial reports are reviewed in detail at the main board meeting by the full board; detailed analysis of the reports is the function of the finance sub-committee. The financial reports to be presented to the board are: 1. List of balances on all school bank and cash accounts 2. A bank reconciliation statement for each bank account 3. Income and Expenditure Account Report showing actual versus budgeted figures 4. Balance Sheet Report 5. List of all creditors/accruals 6. Summary of income/grants received in advance for the next school year and prepayments 7. Capital Income and Expenditure Account Report |  |
| - | All board members are provided with a copy of the financial reports, and these are collected and shredded after the meeting. |  |
| Annual Accounts | |  |
| - | Ensure that the annual accounts are prepared for the external accountant on a timely basis |  |
| - | 2 signatures on the final accounts - must be Chairperson and another board member |  |
| - | Final accounts submission to be made to the FSSU by 28th Feb |  |
| - | A copy of the approved annual accounts should be forwarded to the trustees/patron yearly. |  |
| CRA | |  |
| - | The board must obtain a Registered Charity Number. |  |
| - | The registered Charity Number of the school should appear on the headed paper, website and any fundraising material of the school and the parents’ association. |  |
| - | The board must ensure that board member details are correct on the CRA account. Any changes should be made promptly. |  |
| - | The board must ensure that the annual return information is verified every June on the CRA account. Any amendment necessary should be made and the FSSU informed of any amendments. |  |
| School Budget | |  |
| - | Request a copy of the current year budget |  |
| - | The budget for the next school year should be prepared and approved by the board by June. |  |
| - | Monitor spend against the budget on a monthly basis |  |
| Expenditure: | |
| - | A triplicate purchase order book containing the schools headed paper information should be used. Each form is prenumbered. |  |
| - | The principal should sign off on the purchase ordered |  |
| - | All large amounts must be approved by the board |  |
| - | The school obtains 3 quotes for purchases and go to e-tender for purchases over €50,000 |  |
| - | SPU can support or answer queries on procurement/tendering www.spu.ie |  |
| Bank Accounts - | |
| - | Consider reducing the number of bank accounts to the minimum. |  |
| - | Bank statements must be in the name of the board of management. |  |
| - | The board should only use business banking online to facilitate 2 approvers of online payments. |  |
| - | The board must approve and implement an electronic banking policy. |  |
| Payments | |  |
| - | There should be two cheque signatories/online payment approvers for all school accounts – the chairperson and the Treasurer. The chairperson can delegate their approval to another board member but the treasurer must approve all payments |  |
| - | The board should start using online banking for all payments if not done already. This is more cost effective and efficient for the school. |  |
| - | The board must approve the authorised approvers and update bank mandate |  |
| - | When cheques are presented for signature, they are accompanied by supporting invoices or other documentation and initialled by the cheque signatories as evidence of approval |  |
| - | Under no circumstances should a blank cheque be signed by a signatory |  |
|  | No post-dated cheques, unsigned cheques or partly completed cheques should be used or stored. |  |
| - | No debit card allowed |  |
| Credit card | |  |
| - | The board of management must approve the use of a credit card by the school |  |
| - | The Principal is the only person that should have a school credit card |  |
| - | A credit card policy should be developed and adopted by the board of management. The policy should set out the limit, principles, terms and conditions and procedures governing the issue, use, administration and retention of the school credit card. |  |
| - | Credit card statements must be signed off by the Principal and chairperson each month. Supporting documentation must be attached to the statement. |  |
| Petty Cash | |  |
| - | One person should be responsible for petty cash |  |
| - | The petty cash float should be set by the board of management for example €200. |  |
| - | **A logo with blue letters and a blue logo  Description automatically generated**The petty cash expenditure limit should be set by the board of management for example at €50 maximum for each transaction. |  |
| - | Petty cash docket/voucher should be recorded and signed for each petty cash transaction by the person making the claim/receiving the cash and the person responsible for the petty cash. |  |
| - | All petty cash transactions must be recorded in a petty cash book which is balanced off at the end of each month and signed by the Principal. |  |
| - | The school should draw a petty cash cheque to replenish the petty cash funds when needed. |  |
| - | All cash receipts should be lodged intact to the school’s main bank account |  |
| Income | |  |
| - | An income solutions system should be introduced to facilitate the handling of payments from parents to schools electronically. |  |
| - | Where cash is received a receipt must be issued to the individual and must be signed by the person accepting the cash and paying by cash. |  |
| - | The teacher must issue a receipt to anyone from whom money is collected in excess of €10.00. |  |
| - | The teacher should hand over any money received on a daily basis together with the supporting documentation. Before the money is given to the school office it should be fully counted and all coin bagged and ready for lodging |  |
| - | The money should be counted by the teacher and the accounts person together and a pre-numbered receipt issued to the teacher by the secretary. |  |
| - | A school safe must be in place to keep cash safe. |  |
| - | Two people must prepare the lodgement. |  |
| - | Where possible two people must take the lodgement to the bank. |  |
| - | All cash income must be lodged intact. |  |
| - | The board of management needs to be aware of the maximum cash amount that can be held on the school premises for insurance purposes. |  |
| - | The insurance company must be made aware if a large amount of cash will be on the premises. |  |
| OLCS guidelines | |  |
| - | The Principal should be the approver of the claims submitted. |  |
| - | A second approver should be set up on the system in order to approve claims where the Principal is on the claim. |  |
| - | The board should formally approve the roles of personnel involved in the OLCS and include this in board minutes. |  |
| - | The board should be provided with a copy of Circular 24/2013 Operation Guidelines for boards & staff designated to On Line Claims System in Recognised Primary & Post Primary Schools. |  |
| - | Passwords and usernames for the inputter and approvers must be kept securely by the user and never shared. |  |
| - | A report should be read into the minutes of every board of management meeting listing the names of all substitutes and part-time teachers for whom claims have been made on the OLCS system since the last board meeting |  |
| - | In accordance with DES Circular 24/2013, absence reports from the OLCS must be distributed to all relevant staff once per term. One copy should be approved by the staff member and returned to be filed. The staff member may retain a second copy |  |
|  | Backup documentation should be retained securely by the Principal. |  |
| Ring fenced grants | |  |
| - | All Ringfenced Grant eg ICT, Minor works etc must be spent in accordance with their circulars |  |
| - | **A logo with blue letters and a blue logo  Description automatically generated**COVID-19 grants must be ringfenced and only used for the specified purpose |  |
| - | All COVID-19 grant reconciliations must be prepared and refunds due returned to the DE where applicable |  |
| - | The School Meals grant must be spent in accordance with DSP guidelines |  |
| - | The Bus Escort grant should be reconciled annually, and this return sent to the DE |  |
| - | There must be a contract in place for Bus Escort employees. |  |
| - | The correct rate of pay must be in place for the Bus Escort as per DE Circulars. |  |
| - | All capital grants must be spent for the purpose given |  |
| Book grant/rental | |  |
| - | Free primary schoolbook grant can only be spent according to the guidance from the DE. |  |
| - | The grant must be reconciled at the end of the year. |  |
| - | There must be a plan in place for spending the unspent balances. |  |
| - | As a ringfenced grant, any unspent grant at the year-end should be notified to the external accountant and included in the balance sheet of the annual accounts. |  |
| RCT/VAT | |  |
| - | The board must be registered for VAT and RCT. |  |
| - | All invoices for repairs and construction should be processed through RCT/VAT on ROS |  |
| - | Capital works must be processed through VAT and RCT. |  |
| Payroll | |  |
| - | Review register of employees and ensure all employees have an employment contract – any HR queries refer to your management body |  |
| - | Review all rates of pay and working hours for current employees |  |
| - | The Principal must approve payroll before it is processed. |  |
| Loans & Leases | |  |
| - | Relevant approval should be obtained before entering any borrowing arrangements (including lease purchase, hire purchase or similar arrangements). |  |
| Parents association | | |
| - | A member of the board should attend parents’ association meetings and report back to the board |  |
| - | The bank statements for the parents’ association must be in the name of the school and addressed to the school address. |  |
| - | A summary of transactions of the parents' association should be presented to the board at the end of each school year. |  |
| - | The accounts of the parents’ association should be included in the school’s final accounts. |  |
| - | Any fundraising activities should be approved in advance by the board. |  |
| - | The level of funds retained in the parents’ association bank account should be enough only to meet its on-going day to day costs and activities as approved by its members and by the board. Where fundraising takes place, the proceeds may be lodged in the association’s bank account initially but should be transferred to the main school bank account as soon as practicable. |  |
| Fixed assets | |  |
| - | A fixed asset register should be maintained to safeguard the fixed assets of the school and ensure accountabilities for all such assets. |  |
| - | The board must approve the purchase of fixed assets. |  |
| - | The patron/trustee must be informed in advance of any modification to the building or grounds. |  |
| - | A logo with blue letters and a blue logo  Description automatically generatedThe board should satisfy itself that adequate insurance is in place. |  |
| External users of the school premises | |  |
| - | External users of the school must be approved by the board. |  |
| - | External users of the school must complete the use of school premises form. |  |
| - | A copy of insurance of such users must be obtained annually. |  |
| Bus Hire | |  |
| - | A bus hire form should be completed for all bookings. This form should be prenumbered and matched to the invoice received for the cost of bus hire. |  |
| Travel & Subsistence | | |
| - | The board should approve a travel and subsistence policy. |  |
| - | A Revenue approved claim form should be used. |  |
| - | Civil service mileages rates should be used. |  |
| - | The treasurer must approve the claims of the Principal. |  |
| - | The Principal must approve all claims from school staff. |  |
| School tours | |  |
| - | A school tour policy should be in place. |  |
| - | All school tours are to be approved in advance by the board. |  |
| - | Travel and accommodation for school tours outside the island of Ireland must be booked through a bonded travel agent. |  |
| - | All payments for the tour outside the island of Ireland are to be paid directly to the travel agent by the parent/student and not collected by the school |  |
| - | At least 2 teachers should be involved in the organisation of the tour. |  |
| - | The Teacher responsible for the tour must prepare a report including a financial report on the school tour and present it to the board within 2 weeks of returning from the tour. |  |

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